

MINUTES
SCOTTSDALE CITY COUNCIL
CITY COUNCIL MEETING
Monday, May 19, 2003

The Kiva
City Hall
Scottsdale, Arizona

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CALL TO ORDER (IN CITY HALL KIVA FORUM)

Mayor Manross called to order the Regular Meeting of the Scottsdale City Council on Monday, May 19, 2003 in the Kiva, City Hall, at 5:-07 P.M.

ROLL CALL

Present: Mayor Mary Manross
Vice Mayor Ned O'Hearn
Council Members David Ortega, Tom Silverman, Robert Littlefield
Wayne Ecton, and Cynthia Lukas

Also Present: City Manager Jan Dolan
City Attorney David Pennartz
City Clerk Sonia Robertson

Pledge of Allegiance

Scout Troop 411 from Cochise School led the audience in the Pledge of Allegiance.

Invocation

Reverend Elesio Bongarra of the Mosaic Church offered the invocation.

Public Comment

Sharon Morgan, 7304 E McKinnley, Co-Chair of the Los Arcos Neighborhood Coalition, said over 2600 citizens have voiced support for continuing the Los Arcos project. She also advertised the website: supportLA.org.

Paul Zubia, 7307 E Villa Way, spoke in support of the Los Arcos proposal.

Bruce Schenkel, 3408 N 83rd St, spoke in support of Los Arcos.

Ruth Aldrick, 812 N 86th Way, spoke in support of Los Arcos.

Minutes

REGULAR MEETINGS
May 6, 2003

EXECUTIVE SESSIONS
April 15, 2003

COUNCILMAN ORTEGA MOVED TO APPROVE THE REGULAR MEETING MINUTES FOR MAY 6, 2003 AND THE EXECUTIVE SESSION MINUTES FOR APRIL 15, 2003. COUNCILMAN SILVERMAN SECONDED THE MOTION WHICH CARRIED 7/0.

CONSENT AGENDA ITEMS 1-15

Items 1, 2, 3, 7, 8, 9, 11, 12, and 13 were pulled from the Consent Agenda for separate discussion.

1. See page 5
2. See page 5
3. See page 5
4. **Thai Pan Fresh Exotic Cuisine Liquor License**
Request: To consider forwarding a favorable recommendation to the Arizona Department of Liquor Licenses and Control for a series 12 (restaurant) State liquor license for an existing restaurant location.
Location: 7605 E Pinnacle Peak Rd
Reference: 20-LL-2003
Staff Contact(s): Jeff Fisher, Plan and Permit Services Interim Director, 480-312-7619, jefisher@ScottsdaleAZ.gov
5. **Samurai Sams Teriyaki Grill Liquor License**
Request: To consider forwarding a favorable recommendation to the Arizona Department of Liquor Licenses and Control for a series 12 (restaurant) State liquor license for an existing restaurant location.
Location: 7366 E Shea Bl
Reference: 21-LL-2003
Staff Contact(s): Jeff Fisher, Plan and Permit Services Interim Director, 480-312-7619, jefisher@ScottsdaleAZ.gov
6. **Copa Room Liquor License**
Request: To consider forwarding a favorable recommendation to the Arizona Department of Liquor Licenses and Control for a series 12 (restaurant) State liquor license for an existing restaurant location.
Location: 15445 N Scottsdale Rd
Reference: 22-LL-2003
Staff Contact(s): Jeff Fisher, Plan and Permit Services Interim Director, 480-312-7619, jefisher@ScottsdaleAZ.gov
7. See page 5
8. See page 6
9. See page 7
10. **Fairmont Scottsdale Princess Expansion**
Request:
 1. To rezone 34+/- acres from Planned Community District (PCD) with Commercial Office (CO) comparable uses to a Planned Community District (PCD) with Central

Business (C-2) comparable uses, with amended standards and amend the development plan for the Princess Resort, for property located near the southeast corner of Scottsdale Road and Princess Boulevard.

2. Adopt Ordinance No. 3504 affirming the above rezoning and amended standards.

Location: East of the Southeast corner of Scottsdale Rd & Princess Blvd

Reference: 1-ZN-2003

Staff Contact(s): Tim Curtis, Project Coordination Manager, 480-312-4210, tcurtis@ScottsdaleAZ.gov

11. See page 7

12. See page 8

13. See page 8

14. Phase I Construction of McDowell-Papago Streetscape

Request: Authorize Construction Bid Award No. 03PB098 to Landscape Professionals, Inc., the lowest responsive bidder, at their lump sum bid of \$ 53,950.00, for installation of the landscaping along McDowell Road (8100 E. Block). This is the first phase of streetscape improvements planned for this area.

Related Policies, References:

- 1991 McDowell Streetscape Guidelines
- McDowell Corridor Improvements Master Plan dated 12/12/2002
- Council approval on 02/18/2003 authorizing Architectural Services Contract No. 2003-026-COS
- DRB stipulations 39-DR-2002 and DRB approval of the design 79-SA-2003

Staff Contact(s): Al Dreska, CPM Administrator, (480) 3312-2776, adreska@scottsdaleaz.gov; Marek Urbanek, CPM Project Manager, (480) 312-2563 murbanek@scottsdaleaz.gov

15. Recreational Land Use Agreement (RLUA) amendment

Request: Adopt Resolution No. 6279 amending contract No. 860299 between the Bureau of Reclamation (BOR) and the City of Scottsdale and contract No. 860223 between the City of Scottsdale and Scottsdale Princess Partnership to return 7.92 acres of BOR land located at Scottsdale Road and Princess Drive to the RLUA between the BOR and the City and allow for the Entry Walls and landscaping to remain with specified compensation from Scottsdale Princess Partnership.

Related references: June 10, 1985 Recreational Land Use Agreement between BOR and City of Scottsdale and the June 16, 1986 Lease Agreement between Scottsdale Princess Partnership and City of Scottsdale.

Staff Contact(s): Contact Bill Exham, Community Services General Manager, (480) 312-2377, bexham@scottsdaleaz.gov

COUNCILMAN SILVERMAN MOVED FOR APPROVAL OF CONSENT AGENDA ITEMS 4, 5, 6, 10, 14 AND 15. COUNCILWOMAN LUKAS SECONDED THE MOTION WHICH CARRIED 7-0.

THE FOLLOWING ITEMS WERE REMOVED FROM THE CONSENT AGENDA FOR SEPARATE DISCUSSION:

1. Fusion Restaurant & Lounge Liquor License

Request: To consider forwarding a favorable recommendation to the Arizona Department of Liquor Licenses and Control for a permanent extension of premises for an existing restaurant location. This extension will add a 144 sq. ft. patio to the licensed premises of the establishment.

Location: 4441 N Buckboard Tr

Reference: 11-EX-2003

Staff Contact(s): Jeff Fisher, Plan and Permit Services Interim Director, 480-312-7619, jefisher@ScottsdaleAZ.gov

Responding to Councilman Ecton, Mr. Fisher said there would not be an outside speaker system at this establishment.

COUNCILMAN ECTON MOVED FOR APPROVAL OF ITEM 11-EX-2003. COUNCILMAN SILVERMAN SECONDED THE MOTION WHICH CARRIED 7-0.

2. Danny's General Store Liquor License

Request: To consider forwarding a favorable recommendation to the Arizona Department of Liquor Licenses and Control for a series 09 (liquor store) State liquor license for an existing liquor store located within a grocery store.

Location: 8711 E Pinnacle Peak Rd

Reference: 18-LL-2003

Staff Contact(s): Jeff Fisher, Plan and Permit Services Interim Director, 480-312-7619, jefisher@ScottsdaleAZ.gov

3. Danny's General Store Liquor License

Request: To consider forwarding a favorable recommendation to the Arizona Department of Liquor Licenses and Control for a series 07 (beer/wine bar) State liquor license for an existing café located within a grocery store.

Location: 8711 E Pinnacle Peak Rd

Reference: 19-LL-2003

Staff Contact(s): Jeff Fisher, Plan and Permit Services Interim Director, 480-312-7619, jefisher@ScottsdaleAZ.gov

Councilman Ecton reviewed the violations and arrest record of one of the principals of these cases and felt these factors should be considered when approving liquor licenses.

COUNCILMAN ORTEGA MOVED FOR APPROVAL OF ITEMS 18-LL-2003 AND 19-LL-2003. COUNCILMAN SILVERMAN SECONDED THE MOTION WHICH CARRIED 6-1 WITH COUNCILMAN ECTON DISSENTING.

7. The Billet Bar Liquor License

Request: To consider forwarding a favorable recommendation to the Arizona Department of Liquor Licenses and Control for an extension of premises and the probate/will assignment of a series 6 (bar) State liquor license.

Location: 3752 N Scottsdale Rd

Reference: 27-LL-2003 & 18-EX-2003

Staff Contact(s): Jeff Fisher, Plan and Permit Services Interim Director, 480-312-7619, jefisher@ScottsdaleAZ.gov

Councilman Ortega **declared a conflict of interest** on this case and left the dais.

Mr. Pennartz noted case 18-EX-2003 would need to be continued to June 3, 2003 as staff was awaiting information from the applicant. However, action could still be taken on the liquor license application.

Councilman Ecton felt the parking situation associated with this extension of the premises was dangerous.

COUNCILMAN ECTON MOVED FOR APPROVAL OF 27-LL-2003 AND CONTINUATION OF 18-EX-2003. COUNCILWOMAN LUKAS SECONDED THE MOTION WHICH CARRIED 6-0 WITH COUNCILMAN ORTEGA ABSTAINING.

8. Kit Cat Lounge Liquor License

Request: To consider forwarding an approval recommendation to the Arizona Department of Liquor Licenses and Control for a person and location transfer for a series 6 (bar) State liquor license for a new bar location.

Location: 4426 N Saddlebag Tr

Reference: 8-LL-2003

Staff Contact(s): Jeff Fisher, Plan and Permit Services Interim Director, 480-312-7619, jefisher@ScottsdaleAZ.gov

Darlene Petersen, 7327 E Wilshire Dr, 85257, questioned if background checks were done on all owners or backers, and further stated she felt this business was immoral and urged they be watched closely.

Police Officer Mark Clark said limited background checks were done at the municipal level and the state did complete checks.

Councilman Ecton provided more information on the number of liquor licenses in the area, parking challenges, and calls for service in the area. He also noted ordinances were being tightened up and new requirements would be placed on these types of establishments, so he suggested delaying this particular liquor license until those new guidelines were in place.

An attorney representing the applicant said this matter had already been put off once. The parking situation has more than doubled and all city and state requirements have been exceeded. She also said there would be no live music at the lounge.

Councilman Ecton noted his documentation did state live entertainment so he requested those documents be changed.

Officer Clark responded to concerns of Councilwoman Lukas saying the department approved of this case because the investigation did not come up with anything against regulations.

Councilman Ortega reviewed sales tax statistics in the night club district and the entertainment factor for visitors. As this area was already heavily patrolled, he had no problem with the place.

COUNCILMAN ORTEGA MOVED FOR APPROVAL OF 8-LL-2003. COUNCILWOMAN LUKAS SECONDED THE MOTION.

Vice Mayor O'Hearn agreed with Councilman Ecton about delaying this case.

Councilman Littlefield agreed clear goals were needed and that concerns were well founded, however he would vote in favor of this because it met all the regulations.

Mayor Manross expressed her support and said a most important goal was to keep downtown safe.

Councilman Ecton disputed some of the statistics and said he wanted people to be able to live downtown. He referenced a memo by Mr. Clifford in regard to economic statistics in the area. Councilman Ortega requested that memo be attached as part of the record, noting that the numbers did not include employment impact.

THE MOTION FOR APPROVAL CARRIED 5/2 WITH COUNCILMEMBERS ECTON AND O'HEARN DISSENTING.

9. Mirage Of Scottsdale- Parcel G/Sierra Hills 2

Request: Approve a final plat for a 32-lot single-family subdivision on a parcel of approximately 40 acres.

Location: E Via Linda Rd/136th (se)

Reference: 9-PP-2002 & 11-PP-2002

Staff Contact(s): Kira Wauwie AICP, Project Coordination Manager, 480-312-7061, kwauwie@ScottsdaleAZ.gov

Councilman Ecton praised Desert Mountain High School for speaking up in regard to stipulations on new developments, but even with overcrowding they would accommodate new students.

COUNCILMAN ECTON MOVED FOR APPROVAL OF 9-PP-2002 AND 11-PP-2002. COUNCILWOMAN LUKAS SECONDED THE MOTION WHICH CARRIED 7-0.

11. Authorize Contract Modification for Insurance Agent/Broker Services

Request: Adopt Resolution No. 6284 authorizing Contract Modification No. 2002-022-COS-A with the firm of Marsh USA, Inc. for insurance agent/broker services.

Related Policies, References: This contract extension allows Risk Management to continue to secure expertise of insurance agent/broker services to assist in planning an arranging the City's property-casualty program that renews July 1 of each year, including the services of program design, accessing the worldwide insurance market, identifying potential insurers, and structuring and negotiating terms and conditions of needed insurance coverage to protect City assets.

Staff Contact(s): Myron J. Kuklok, Risk Management Director, (480) 312-7841, Mkuklok@ScottsdaleAZ.gov

COUNCILMAN ECTON MOVED TO APPROVE THIS CONTRACT WITH AN AMENDMENT TO REMOVE THE 5% PRICE INCREASE. COUNCILWOMAN LUKAS SECONDED THE MOTION.

Craig Clifford discussed the quality of this company and how the increase had already been reduced from 20%. He felt the 5% increase was justified

After further discussion, Councilman Ortega suggested changing the wording to "5% or less" in the contract to allow for further negotiations.

COUNCILMAN ECTON AGREED TO AMEND THE MOTION TO ADD THE WORDING "5% OR LESS" PER COUNCILMAN ORTEGA'S SUGGESTION. COUNCILWOMAN LUKAS AGREED AS THE SECONDER. THE MOTION AS AMENDED CARRIED 7-0.

12. Authorize Continuing Legal Expenses.

Request: Authorize the City's Risk Management Division to continue payments of legal fees in the defense of Guthrie v. City of Scottsdale, CIV 02-2468 PHX RCB, currently pending in the United States District Court, for an additional contract amount of \$50,000.

Related Policies, References: On February 3, 2003, the City Council authorized a contract with the law firm of Udall, Shumway & Lyons to provide specialized and expert legal services relating to litigation. The City Council directed that expenditures for attorney's fees in excess of \$50,000 should return for the City Council's review and approval.

Staff Contact(s): David Pennartz, (480) 312-2405, dpennartz@scottsdaleaz.gov; Myron Kuklok, (480) 312-7841, Mkuklok@ScottsdaleAZ.gov; Michael Mason, (480) 312-7040, mmason@scottsdaleaz.gov

Responding to Councilman Ecton, Mr. Pennartz said as far as attorney fees, it was typical that there was no recovery of cost option.

COUNCILMAN ECTON MOVED FOR APPROVAL OF ITEM 12, CASE CIV- 02-2468 PHX RCB. COUNCILMAN SILVERMAN SECONDED THE MOTION WHICH CARRIED 7-0.

13. Construction Bid Award for Fire Station #12 Located at the Scottsdale Airport

Request: Construction Bid Award No 03PB094 to G.R. Walton General Contractors, Inc., the lowest responsive bidder, at their lump sum base bid of \$807,500.00.

Related Policies, References:

- The design and construction of these facilities will move the City toward the accepted total emergency coverage that was identified in 1992 and subsequently included in the City's General Plan.
- Voters in the 2000 Bond Election approved the construction project, together with an Airport Fire Fighting and Rescue Vehicle.
- Council approved the design contract for the station on December 4, 2000.

Staff Contact(s): Dan Walsh, Project Manager, (480) 312-5248, dwalsh@ci.scottsdale.az.us

Councilman Ecton questioned the cost of revitalizing the existing facility rather than building a new one. Steve Randall said the existing temporary facility was a double wide mobile home which had been in place since 1992. He explained how federal funds were no longer available for a new station so this project was placed on the bond and was in dire need of repair.

COUNCILMAN ECTON MOVED FOR APPROVAL OF ITEM 13, BID AWARD 03PB094. COUNCILMAN ORTEGA SECONDED THE MOTION WHICH CARRIED 7-0.

REGULAR AGENDA – Items 16-18

16. Comprehensive Financial Policy Adoption

Request: Adopt Resolution No. 6288 relating to a Comprehensive Financial Policy as formal guidelines for City financial planning and management.

Staff Contact(s): Craig Clifford, General Manager, (480) 312-2364, cclifford@ci.scottsdale.az.us

Craig Clifford gave a presentation outlining this policy as follows:

Financial Management Practices- Recommended

- Fund balance reserve policy/working capital reserves (*Very Significant, Fitch Investors*)
- Establish or enhance rainy day/budget stabilization reserves. (*Top Ten Mgt. Practice, Standard & Poors*)
- Monthly or regular economic, revenue, budget review/reporting (*Significant, Top Ten Mgt. Practice*)
- Multi-year financial forecasting (*Significant*)
- Contingency planning policies (*Influential*)
- Financial Reporting & Budget Awards (*Influential*)

HURF Special Revenue – *Proposed Policy Change*

- Proposed policy change to use up to 40% of .2% Transportation sales tax for transportation improvement operating costs
 - Reduces General Fund subsidy
 - .2% Transportation Tax cash flow allows priority capital projects to continue

Enterprise Funds- *Proposed Reserve Policy*

Current Policy:

Water/Sewer

- 50% of Operating Exp.
- per bond indenture

Solid Waste

- 15% of operating exp.

Aviation

- None

Proposed Reserve Policy:

Water / Sewer

- 90 Day Operating Reserve
- Repair & Replacement Reserve

Solid Waste

- 90 Day Operating Reserve

Aviation

- 90 Day Operating Reserve

Debt Service Fund- *Proposed Reserve Policy*

- **Proposed Reserve Policy:**
 - Include language formally recognizing the fund reserve that exists solely to pay general obligation or special improvement district bond service costs
 - Funded with restricted secondary property taxes or special assessments

Proposed Budget *Expected Outcomes*

Developing and adopting explicit Financial Policies:

- Provides clear direction to City staff concerning the diligence and care in which public funds are to be managed
- Explicit policy provides a better understanding of City financial affairs by the public
- Adoption of financial policies demonstrates the City's commitment to sound financial management and preserving Scottsdale's fiscal integrity
- Helps ensure high City bond ratings and low cost of capital

Mr. Clifford pointed out a typographical error in the Resolution under item #21 – it should read .2% rather than .02%.

Councilman Ecton commented on several of the items: He felt #3 had room for improvement. In regard to #11, he felt equipment should be looked at and not just replaced at 5 years. Furthermore, a better job could be done in #20, #38 was very good, and #45 was very important. He further stated very good policies were being put into place.

COUNCILMAN ECTON MOVED FOR APPROVAL OF RESOLUTION 6288.
COUNCILWOMAN LUKAS SECONDED THE MOTION.

Responding to Councilwoman Lukas, Mr. Clifford said the change regarding transportation sales tax may be temporary, but could be 4 or 5 years.

Responding to Councilman Ortega, Mr. Clifford discussed replacement of capital equipment, noting that in the example of vehicles, maintenance and replacement charges are charged back to the operating department.

THE MOTION FOR APPROVAL CARRIED 7-0.

17. Public Hearing and Adoption of Rates and Fees Ordinance and Resolutions

Request:

- Accept citizen comments at a public hearing regarding proposed rates and fees.
- Adopt Resolution No. 6289 and Ordinance No. 3503 amending Scottsdale Revised Code, Chapter 49, eliminating the 35% surcharge to water customers outside the City effective July 1, 2003, increasing water rates 3.0% effective November 1, 2003 and increasing wastewater rates 2.5% effective July 1, 2003.
- Adopt Resolution No. 6320 increasing fees associated with the development review process by 4% and reducing water heater replacement fee by 44% effective July 1, 2003.
- Adopt Resolution No. 6283 amending the Airport/Airpark Rates and Fees Schedule to increase the transient aircraft landing fee from \$1.00 to \$1.50/1,000 lbs. certified maximum take-off weight, and the airport hourly rate from \$38.29 to \$42.27 effective July 1, 2003.

Related Policies, References: City of Scottsdale's Comprehensive Financial Policies
Water and Sewer Rates, Scottsdale Revised Code, Chapter 49

Building and Development Fee Schedule, Scottsdale Revised Code, Chapter 46

Airport/Airpark Rates and Fees Schedule, Scottsdale Revised Code, Chapter 5

Staff Contact(s): Craig Clifford, Chief Financial Officer, (480) 312-2364,
cclifford@scottsdaleaz.gov

Lyle Wurtz, 6510 E Palm Ln, 85257, wondered why the surcharge was being dropped for outside users and if charges for new businesses were being paid in our water bills.

Mr. Clifford gave a presentation regarding proposed rate and fee changes as summarized below:

Adopted Financial Policies

- Enterprise (Water, Sewer, solid Waste, and Aviation) user fees and charges will be examined annually to ensure that they recover all direct and indirect costs of service and be approved by City Council.
- All non-enterprise user fees and charges will be examined annually to determine the direct and indirect cost of service recovery rate. The acceptable recovery rate and any associated changes to user fees and charges will be approved by the City Council

Enterprise Funds- Proposed Rate & Fee Changes

- User Fee rate change proposals:
 - Water - 3% \$1.58 or 2.3% utility bill increase for average residential customer
 - Sewer - 2.5 %
 - Solid Waste - none
 - Aviation - \$.50 per 1,000 pounds landing fee

Enterprise Funds – 100% recovery of direct & indirect costs

General Fund - Proposed Rate & Fee Changes

- Proposed 4% increase to Development Services fees and charges 100% direct cost recovery
- Planned review of Community Services program fees and policy alternatives in FY03/04:
 - Recover 100% of direct costs for certain adult programs
 - Recover 50% of direct costs for youth programs

In answer to Mr. Wurtz, Mr. Clifford said the cost was under \$100,000 out of over \$60M collected annually and we do not have sophisticated costing to justify that surcharge for our customers.

In further response, Ms. Dolan said there was no distinction of this cost and no additional cost was associated with providing service to these customers.

Responding to Councilman Ecton, Mr. Little explained how staff and the Airport Commission made their decisions on fee increases.

COUNCILWOMAN LUKAS MOVED FOR APPROVAL OF RESOLUTION 6289, ORDINANCE 3503, RESOLUTION 6320, AND RESOLUTION 6283. COUNCILMAN ORTEGA SECONDED THE MOTION WHICH CARRIED 7-0.

18. Tentative 2003/04 Budget

Request: To solicit public testimony on the FY 2003/04 Operating Budget and Capital Improvement Plan, and Adopt Ordinance No. 3508, the Tentative Budget estimates FY 2003/04. The City Council receives public input and adopts the Tentative Budget estimates in accordance with Arizona State Statutes and the City Charter.

Staff Contacts: Craig Clifford, Chief Financial Officer, 480-312-2364, cclifford@ScottsdaleAZ.gov; Art Rullo, Budget Director, 480-312-2435, arullo@ScottsdaleAZ.gov

Mr. Clifford gave a presentation per the Council Action Report, reviewing past meetings and modifications which have taken place. Transit cuts have been restored, over 12M in reductions have been made to the CIP budget, and operating contingency has been increased by \$1M. Council may still insert new items or increase or decrease items in the budget before setting the maximum spending limits for 2003/04.

Public Testimony:

Lois Fitch, 1229 N Granite Reef Rd, 85257, said she would be raising a portion of the money needed for a monument for the founder of this city and would be back next year to request the remainder. She was also pleased to see that Culture Quest was not part of the budget cuts.

Elaine Abts, 8237 E Jackrabbit Rd, 85250, urged Council to set a budget high enough to accept the worst-case scenario for a city fire department.

Betty Mybeck, 7501 N Via De La Escarla, 85258, requested consideration of increasing the budget for buses.

Darlene Petersen, 7327 E Wilshire Dr, 85257, spoke in agreement with Ms. Fitch on the drive for the statue and also pleaded for funding for the Scottsdale Symphony Orchestra.

Lyle Wurtz, 6510 E Palm Ln, spoke of bias in the newspapers in regard to tourism dollars.

Dan Ables, 14023 N 83rd St, 85260, father of two firefighters, discussed Rural Metro's serious financial condition and wondered if the city had a back up plan for providing service should Rural Metro collapse.

Carol Nunzio, 11155 E Gold Dust, 85259, thanked those who supported the city's continued funding of the Cultural Council and Culture Quest.

Rebecca Ross, 2103 S LaRosa Dr, Tempe, 85282, artist in residence for Scottsdale Center for Arts, thanked Council for past support of art programs and requested continued support.

Michael Hanrahan, 6631 E Palm Ln, 85257, discussed his experience with express bus service and urged that funding be increased, not decreased.

Dave Furnish, 7530 E Beryl Av, 85258, father of a firefighter, discussed Rural Metro's financial situation and offered suggestions on how the city could finance their own fire service.

Sergio Mosqueda, 6826 E Avalon Dr, 85251, discussed advantages of riding the bus and urged Council to continue funding.

Public testimony closed.

Councilman Ecton responded to some of the testimony and presented some facts on tourism dollars. He also said that if Rural Metro failed, the city would do a transition or solicit another company and that was not a major issue.

Councilman Littlefield confirmed the maximum budget allowable included an extra \$8.5M to cover a city fire department. He felt it prudent to go with that since the outcome of the election would not be known until tomorrow.

COUNCILMAN LITTLEFIELD MOVED FOR APPROVAL OF THE MAXIMUM BUDGET OF \$886.5 MILLION. COUNCILWOMAN LUKAS SECONDED THE MOTION.

Further discussion was held regarding the contingency fund of \$2.5M. Ms. Dolan noted that adding the \$8.5M did not mean the revenue was there.

Capital equipment costs, life expectancy, and depreciation were discussed.

Responding to Councilman Ortega, Mr. Clifford said under Rural Metro's old contract, equipment was not tracked.

Mayor Manross felt they should think twice about raising the ceiling on the budget.

Vice Mayor O'Hearn said it was important to stay focused on the items in front of them. The budget of \$878M was balanced and additional funding could possibly be raised by 4 options presented in the report. He did not feel it prudent to come up with a phantom \$8.5M as they would still have to find out where that would come from. He would not support the motion.

Councilman Ecton concurred with the Mayor and Vice Mayor.

Councilwoman Lukas said that if the Rural Metro vote passed, they would probably be looking at eliminating programs or capital improvements.

Councilman Silverman said he would not support the motion because the money was not there.

Councilman Ortega discussed the contingency fund and said it seemed they were 'double bumping'. He did not understand why the increase had to be bumped all the way to \$8.5M and he only anticipated cuts of \$5M or \$6M.

Mr. Clifford further discussed the contingency fund and clarified it was still dependent upon revenues.

THE MOTION FOR APPROVAL OF A MAXIMUM BUDGET OF \$886.5 MILLION FAILED 5/2, WITH MAYOR MANROSS, VICE MAYOR O'HEARN, AND COUNCILMEMBERS LUKAS, ECTON, AND SILVERMAN DISSENTING.

VICE MAYOR O'HEARN MOVED FOR APPROVAL OF A MAXIMUM BUDGET OF \$878 MILLION. COUNCILMAN SILVERMAN SECONDED THE MOTION WHICH CARRIED 5/2 WITH COUNCILMEN LITTLEFIELD AND ORTEGA DISSENTING.

Public Comment

Michael Merrill, 8713 E Vernon Av, 85257, expressed concerns about the economic impact report for Los Arcos proposal and about Walmart corporation.

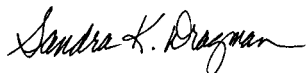
City Manager's Report - None

Mayor and Council Items - None

Adjournment

With no further business to discuss, Mayor Manross adjourned the meeting at 8:24 P.M.

SUBMITTED BY:



Sandy Dragman
Recording Secretary

REVIEWED BY:

Sonia Robertson
City Clerk

C E R T I F I C A T E

I hereby certify that the foregoing Minutes are a true and correct copy of the Minutes of the Regular City Council Meeting of the City Council of Scottsdale, Arizona held on the 19th day of May 2003.

I further certify that the meeting was duly called and held, and that a quorum was present.

DATED this _____ day of May 2003.

SONIA ROBERTSON
City Clerk